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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of:

Billed Party Preference for  
0+ InterLATA Calls

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CC Docket No. 92-77

ORIGINAL  
FILE

COMMENTS  
OF THE  
UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA) respectfully submits its comments in the above-referenced proceeding. USTA is the principal trade association of the exchange carrier industry. Its membership of approximately 1100 local telephone companies provides over 98 percent of the local telephone company-provided local access lines in the U.S.

The Commission has asked for comment on a proposal to require that the validation information used for any calling card that can be accessed on an 0+ dialing basis be made available to the card-issuing carrier's competitors. USTA believes that such an action would be confiscatory of the resource represented by such validation data and use of the facilities to conduct the validation, and would incent record-owning carriers to "retreat" behind access code calling rather than permit access to their records. This would increase rather than decrease customer confusion. It would retard rather than enhance use of the backbone capability of exchange carrier networks. The results would be inimical to the Commission's objectives and would have

other undesirable effects. For these reasons, USTA believes that the Commission should permit continuation of the status quo, considering all of the issues of call routing and billing and customer convenience in the broader and long-range context of Billed Party Preference (BPP).

USTA recognizes the factors in recent network and service provision evolution that have resulted in some customer inconvenience and confusion. Much of this has been due to withdrawal of AT&T's validation resource from use by its competitors. Some exchange carriers have complained of the process used by AT&T and its impact on their cards. The resulting confusion is regrettable, but it appears that any course of action other than maintenance of the status quo would only create additional customer confusion.

If the Commission's proposal were to be implemented, each non-LEC-card-issuing service provider would be free to individually determine whether or not to "open" its records to its competitors, or to restrict their use to access code calling. If some companies volunteered their records for validation on an 0+ basis and sharing of records and some did not, the customer confusion that currently exists would be exacerbated. No customer would be certain how calls would be handled in every calling situation unless other access alternatives could be utilized. For instance, a 0+ long distance call made by a

customer with a card issued by a carrier whose validation records were open might be validated. However, the carrier receiving the call might not have open records and might not have concluded the necessary business and technical agreements to permit it to validate the card issued to the caller. Except for calls handled by LECS, the only way the customer could be assured of having the card accepted would be to dial the card-issuing carrier's access code to be sure that the traffic had been "forced" onto the card issuer's network.

Interexchange carriers whose customers can now use cards issued by them when dialing on an 0+ basis would be incented to protect their card investments and ensure the selection of their networks by instructing their customers to dial the carrier's access code exclusively. USTA believes that forcing all traffic directly onto non-LEC facilities would bypass all LEC routing and service-assistance functions which would have many undesirable consequences, among them:

- o In the case of a local call that can be billed to a non-LEC carrier's calling card, and is dialed on an 0+ basis, the call is now validated and completed locally. If a local call is placed utilizing an access code, it is routed directly to the interexchange carrier and must be routed back to the LEC. This is an inefficient and unnecessary use of resources, increasing the complexity and cost of the activity (access charges would apply) and adding to customer confusion. Without the necessary technical implementation, the receiving carrier's operator might have to intervene and instruct the caller that, for this call, the customer must hang up and place the call again, on an 0+ basis. Of course, that is exactly what the caller should have been able to do in the first instance!

- o Many customers, especially visitors to an area, have no idea as to local regulations and arrangements when placing calls. If they are conditioned to dial all calls on an access code basis, they may dial an intraLATA toll call, forcing the traffic onto an interexchange carrier's network in an area where intraLATA competition is not permitted. The interexchange carrier then faces the dilemma of whether to handle the call. The interexchange carrier can route the traffic back to the LEC with the same inefficiency described in the case of a local call, or the carrier's operator could intervene, instructing the caller to place the call again, dialing 0+. Such consequences present the interexchange carrier with a natural incentive to complete the call, whether regulations permit it or not.
- o Customers conditioned to dial all calls using an access code will inevitably place some access code dialed calls to a carrier not having facilities in the area. Instructions on how to proceed if the initial attempt is not properly routed would be to dial 0+ to reach the LEC operator, or to call the operator of the serving line's presubscribed interexchange carrier, who may not have any idea how to help. If the call had been originally dialed on an 0+ basis, it is possible to arrange for default to a local LEC operator.

Exclusive access code dialing will decrease the future value of BPP and therefore decrease the likelihood of its implementation. If access code dialing becomes commonplace, much of the opportunity to implement a capability that automatically permits routing determinations to occur as a result of embedded network capabilities may be lost -- particularly if customer confusion is a consideration. For example, in a BPP environment, customers conditioned to use access codes may dial a call using the access code of the customer's service provider, and ask an operator to place a collect call. Only if the carrier's operator has access to the database that identifies the to-be-billed party's preferred carrier (considered unlikely, as the informa-

tion will be considered proprietary) and determines that the party that will pay for the call just happens to be the same carrier as that selected by the bill paying customer, can that carrier complete the call. Otherwise, the call will have to be turned over to a LEC operator for handling. It is likely that the instruction to the caller would be to place the call again, using 0+. If the caller had done that in the first place, the call could have been completed directly.

USTA believes that there are already some incentives for carriers to instruct their card users to dial access codes to be assured of reaching their networks. The more commonplace this practice becomes, the more customer confusion will increase. It will become more difficult to exercise local regulatory authority over the handling of calls. Further, it becomes less likely that BPP can ever be implemented. USTA therefore urges the Commission not to adopt any requirement that increases the incentives for carriers to promote access code dialing by its customers.

There are other impediments to the Commission's proposal as well. The proposal would require AT&T (unless it was willing to open its records) to refuse calls, even those to which it would otherwise be entitled, if they were dialed on an 0+ basis. This presumably, would not only apply to AT&T, but to other carriers as well that issue proprietary cards not available for validation by competitors. (A number of companies issue such cards).

This would also require LECs to implement new forms of signalling, not now available, to let a carrier know whether traffic offered to it was dialed on an access code basis, or 0+. In order to receive this information, the receiving carrier would also be required to obtain and install new capabilities. This capability can not be deployed at this time, and probably not before BPP. Deployment of such new capabilities also raises the issue of cost recovery, both for LECs under price caps and those that are not. Similar issues must be dealt with on a larger scale in the full BPP proceeding, but any decision to require such deployment here forces early confrontation of those issues.

The objective of the Commission, both in this proceeding and those that follow it, should be to encourage full and free competition in the provision of interstate communications services. This includes the issuance and gaining of customer acceptance of calling cards. The Commission's proposal does not serve that end; it offers to confiscate the value of one carrier's efforts so that others that have depended on a competing carrier's resources may continue to do so in the future. All carriers have access to resources to permit them to issue calling cards in formats that allow unambiguous routing to access their validation records and have had for some time. The incentives that have been made available to them should not be disturbed at the expense of a single large competitor. A Commission order reaffirming the status quo would provide a clear

signal to these carriers that they must complete the necessary arrangements for mutual honoring of calling cards with LECs, issue calling cards in an industry-approved format and implement other required technical arrangements.

The Commission's proposal would permit these carriers to avoid the normal costs of conducting business. Adoption of the proposal, in addition to its unfairness in dealing with AT&T, also would operate to increase customer confusion, defeat the efforts of local regulatory authorities to exercise effective control over traffic routing, reduce network efficiency, require new investment, and may reduce the likelihood that BPP can ever be implemented in the network.

The better way to ameliorate customer confusion is to increase the level of customer education. Customers must understand basic network conditions, and they must be given sufficient information to know how to reach their carrier of choice when the prevailing conditions do not automatically assure such a result. Customers must also be aware that there are some instances in which they must use a carrier not of their choice. When it is possible to charge such calls to their service provider to permit that entity to bill the calling party for the call, such an option should be permitted.

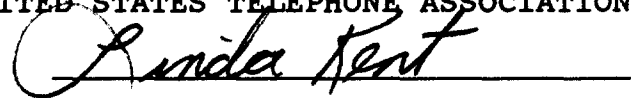
For all of these reasons, USTA urges the Commission not to

proceed with its suggestion, but to allow carriers to handle traffic to which they are entitled, either on an 0+ or access code basis for charge to proprietary calling cards. In so doing, they should be free to choose to conclude mutual honoring and validation agreements between themselves and other service providers of their choice unfettered by unnecessary Commission restriction.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By

A handwritten signature in cursive script, appearing to read "Linda Kent", is written over a horizontal line.

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June 2, 1992